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**FISCAL IMPACT STATEMENT**

**LS 7955**

**BILL NUMBER:** SB 536

**NOTE PREPARED:** Feb 28, 2005

**BILL AMENDED:** Feb 28, 2005

**SUBJECT:** Skills 2016 Training Fund.

**FIRST AUTHOR:** Sen. Clark

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **X DEDICATED**  
                              **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) The bill transfers the Skills 2016 Training Fund (Fund) to the Economic Development Corporation (Corporation). The bill requires the Corporation to enter into an agreement with the Department of Workforce Development (DWD) to administer the Fund. It requires the Secretary of Commerce to allocate the money in the Fund to employers and consortiums for worker training grants, after considering recommendations made by DWD. It also requires that Ivy Tech State College be given special consideration to be the provider of training obtained through the Fund when: (1) Ivy Tech courses meet the needs of an employer or consortium; and (2) Ivy Tech is the most cost effective provider. The bill establishes a sunset for the Fund of December 31, 2008 and abolishes the Incumbent Workers Training Board. The bill also repeals obsolete statutes concerning the Fund.

**Effective Date:** (Amended) Upon Passage.

**Explanation of State Expenditures:** (Revised) *Summary:* The bill sunsets the Skills 2016 Training Fund and Program as of December 31, 2008. The bill also provides for other changes in the administration and distribution of the Skills 2016 Training Program and the Skills 2016 Training Assessments.

The bill makes the following changes with respect to funding decisions and oversight relating to the Skills 2016 Training Program and Fund.

(1) The bill eliminates the Incumbent Workers Training Board and the oversight by the Unemployment Insurance Board for disbursements by the Training Board from the Skills 2016 Training Fund.

(2) The bill transfers responsibility for funding decisions relating to the Skills 2016 Training Program and the Training Fund to the Indiana Economic Development Corporation (IEDC).

(3) The bill requires the IEDC to enter into an agreement with the DWD to administer the Fund.

The bill also eliminates specific allocations of Skills 2016 Training Assessments as follows.

(1) Under current statute, the first \$450,000 in annual assessments is distributed to the Special Employment Training Services Fund. This money is to be allocated by the DWD for job counseling or training provided by state educational institutions or job counseling or training provided to certain unemployed persons by the DWD. Under the bill, this distribution would be eliminated and the amount would be distributed to the Skills 2016 Training Fund.

(2) The bill eliminates the distribution of money in the Skills 2016 Training Fund to Ivy Tech State College for training and apprenticeship programs, and to Incumbent Worker Training Programs. The bill requires that after payment of assessment refunds, the money in the Skills 2016 Training Fund is to be allocated by the IEDC to employers or consortiums for incumbent worker training grants.

In FY 2004, the Skills 2016 Training Fund received \$16.0 M from the 0.09% assessment on unemployment insurance wages of employers. As of January 11, 2005, assessments to the Training Fund for FY 2005 total about \$2.5 M. The FY 2004 ending balance in the Training Fund totaled about \$32.7 M. The balance as of January 11, 2005, is about \$31.5 M.

*Background:* The Skills 2016 Training Program is established to: (1) improve manufacturing productivity levels in Indiana; (2) enable firms to become competitive by making workers more productive through training; (3) create a competitive economy by creating and retaining jobs; (4) encourage the increased training necessary because of an aging workforce; (5) avoid potential payment of unemployment compensation by providing workers with enhanced job skills. The Program is funded through an assessment on unemployment insurance taxable wages of employers. Under current statute, the unemployment insurance rate was reduced by 0.1% beginning in 2002 and an assessment of 0.09% has been assessed for the Skills 2016 Training Program. These provisions are not changed by the bill.

Under current statute, the Incumbent Workers Training Board administers the Skills 2016 Training Fund and the Department of Workforce Development must provide staff support for Board. The Board consists of four members appointed by, and serving at the pleasure of, the Governor. One member each is to be appointed from a list of nominees provided by the UAW Region 3, the Indiana AFL-CIO, the Indiana Manufacturers Association, and the Indiana Chamber of Commerce. The Board makes recommendations to the Unemployment Insurance Board for disbursements to programs from the Fund. Current statute specifies that 55% of the money in the Skills 2016 Training Fund is to be allocated to Ivy Tech State College for use in providing training and apprenticeship programs. The remainder of the money in the Fund is to be used for refunds of erroneously paid training assessments and for other incumbent worker training programs.

#### **Explanation of State Revenues:**

#### **Explanation of Local Expenditures:**

#### **Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Economic Development Corporation; Department of Workforce Development; Unemployment Insurance Board; Incumbent Workers Board; Ivy Tech State College.

**Local Agencies Affected:**

**Information Sources:**

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